



California
Department of
Health Services

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State of California-Health and Human Services Agency
Department of Health Services



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N.L.: 19-0605 REVISED
Index: Eligibility

TO: ALL COUNTY CALIFORNIA CHILDREN'S SERVICES (CCS)
ADMINISTRATORS, MEDICAL CONSULTANTS, AND STATE
CHILDREN'S MEDICAL SERVICES (CMS) BRANCH STAFF

SUBJECT: CCS/HEALTHY FAMILIES (HF) SUBSCRIBERS DEEMED FINANCIALLY
ELIGIBLE FOR CCS

Background

With the implementation of the CMS Web based authorization system, county CCS programs were advised to continue issuing legacy authorizations for services delivered to CCS clients who are HF subscribers and who are deemed eligible for CCS because their family's income is over \$40,000, or who do not have a signed application and/or Program Services Agreement (PSA). Counties were directed to continue to submit claims for services provided pursuant to these authorizations to the CMS Branch in Sacramento for verification of eligibility and approval. This advice was conveyed in several of the Enhancement 47 telephone conference calls with county programs and in the CMS Net Frequently Asked Questions posted on the CCS web site. Even so, some counties have been issuing web based Service Authorization Requests (SARs) for services for 9R clients. Providers forward claims submitted pursuant to these SARs directly to the fiscal intermediary for adjudication and these counties subsequently adjusted the county share of cost for these claims using the long standing procedures for correcting monthly expenditure reports (i.e., MR-0-940 paid claims reports).

Recently several additional counties suddenly became aware that claims for services provided to their 9R children billed pursuant to SARs would not automatically pay with 100 percent State funded State match for the HF Title XXI State Children's Health Insurance (SCHIP).

The following policy is being instituted to assure appropriate payment of providers for authorized services, with the appropriate county/state share of the match for Title XXI funding.

Policy and Policy Implementation

1. Authorization of medically necessary services for CCS clients who are HF subscribers and who are deemed financially eligible for CCS because their families have incomes above \$40,000 (as verified by the Major Risk Medical Insurance Board [MRMIB]), should continue to be issued in the legacy system, except for dental and orthodontic services which should be authorized with a web based SAR.
 - a. Claims for services for these clients billed pursuant to a legacy authorization must continue to be forwarded to the CMS Branch for authorization of payment at 100 percent State funded match for the Title XXI funds until further notice.
 - b. Detail on this process is provided in Numbered Letter (NL) 02-0203 dated July 11, 2003.
2. Authorization of medically necessary services for CCS clients who are HF subscribers and who have not signed a CCS program application or Program Services Agreement should be issued in the CMS Net web based SAR system.
 - a. There is no statutory authority for the state to continue to pay 100 percent of the state match for the Title XXI funds for these clients.
 - b. These claims will be paid at the 50 percent State/50 percent county sharing rate for the state match for the Title XXI funds.
3. The CMS Branch will assist county CCS programs in obtaining adjustment of the county share of charges for adjudicated claims for services provided to CCS clients who have been assigned aid code 9R as follows:
 - a. A list of CCS/HF clients who are "deemed financially eligible" (i. e., are over income) for CCS in accordance with Section 123870 H&SC and for whom there should have been no county share of cost pursuant to 123940(c)(2) H&SC is maintained by the State Program. Updated

copies of this list are distributed to the CMS Branch Regional Offices (RO) each time the State Program records new income verifications.

- b. The county will identify all claim lines for the clients on the confirmed list on their county MR-O-940 paid claims report that have been billed pursuant to a SAR and submit that listing to their CMS RO in accordance with the procedures in the attached instruction, "Correction of Errors In Monthly Expenditure Reports." (Note: These error correction guidelines are generic. While they do not refer specifically to the situation addressed in this NL, they are applicable.)
 - c. The CMS Branch RO will compare the county's request for adjustment with the list maintained by the State Program (3.a., above) and will notify the county in writing of the amount that has been approved for adjustment.
 - d. The county will enter approved adjustments on the county's quarterly "CCS Claim For Reimbursement Diagnostic And Treatment." Part 1, 1c, Diagnostic Expenditures, Adjustments and 2c, Treatment Expenditures, Adjustments as appropriate. The county will attach the CMS Branch RO approval letter as documentation.
4. Adjustment of services authorizations for CCS/HF clients deemed financially eligible for CCS (as verified by MRMIB):
- a. The county shall issue a legacy authorization and cancel SAR simultaneously. The effective date of the legacy authorization shall be the date following the date of the cancellation of the SAR. **Do not cancel the SAR retroactively.**
 - b. The county must coordinate this replacement activity with providers to assure that there are no lapses in access to care for the clients and to avoid claims adjudication problems for the providers.
5. Adjustment of service authorizations for CCS/HF clients whose family's income has not been verified by MRMIB to be above \$40,000
- a. SARs for these clients should not be end-dated or retroactively cancelled.

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- b. Claims submitted for services provided pursuant to these SARs will appropriately have been paid at the 50 percent State/50 percent county sharing rate for the state match for the Title XXI funds.

A unique aid code is being developed for assignment to these clients. You will be informed when the payment system is modified to accept this new aid code and will be provided with instructions for its assignment to CCS clients at that time.

6. Dental and orthodontic services for 9R clients should be authorized with web based SARs. This is necessary because Denti-Cal bases the subsequent Treatment Authorization Request (TAR) that is issued for orthodontics in part on the CCS SAR. Funding adjustments can then be made in accordance with the procedures in three above for clients who are deemed financially eligible for CCS because their families income is over \$40,000.

Prospective changes in the Electronic Data System (EDS) claims payment system and reports that should be implemented at the time the new aid code cited above becomes available will enable authorization of all services for 9R children using web based SARs and provide for submission of provider claims directly to EDS.

If you have any questions, please contact Harvey Fry, at (916) 327-2435 or hfry@dhs.ca.gov.

Original signed by Harvey Fry for

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Enclosures